



FY 2002 Defense Budget

June 2001

President Bush's Increases to Defense

(Dollars in Billions)



• FY 2001 supplemental request	+ 5.6
• FY 2002 blueprint increase	+ 14.2
• FY 2002 budget amendment	+ 18.4
Total Defense Increase	+ 38.2

FY 2002 Defense Budget

(Dollars in Billions)



• FY 01 enacted appropriations	296.3
• FY 02 blueprint increase	+ <u>14.2</u>
• FY 02 blueprint budget	<div>310.5</div>
• FY 02 budget amendment	+ <u>18.4</u>
Total FY 02 Request	328.9

FY 02 Goals



- Restore military morale
- Bolster readiness
- Transform military capabilities
- Streamline and upgrade DoD infrastructure
- Reform DoD organization, facilities and processes

Restore Military Morale



The FY 02 amended budget puts people first

- Targeted pay raise: at least 5% for all grades; up to 10% for mid-grades where retention is hardest
- Reduce out-of-pocket housing costs from 15% in 2001 to 11.3% in 2002 on the way to 0% in 2005
- Funds military healthcare realistically: \$17.9 billion in FY2002 -- up sharply from \$12.1 billion in FY 2001

Bolster Readiness



Readiness declines caused by

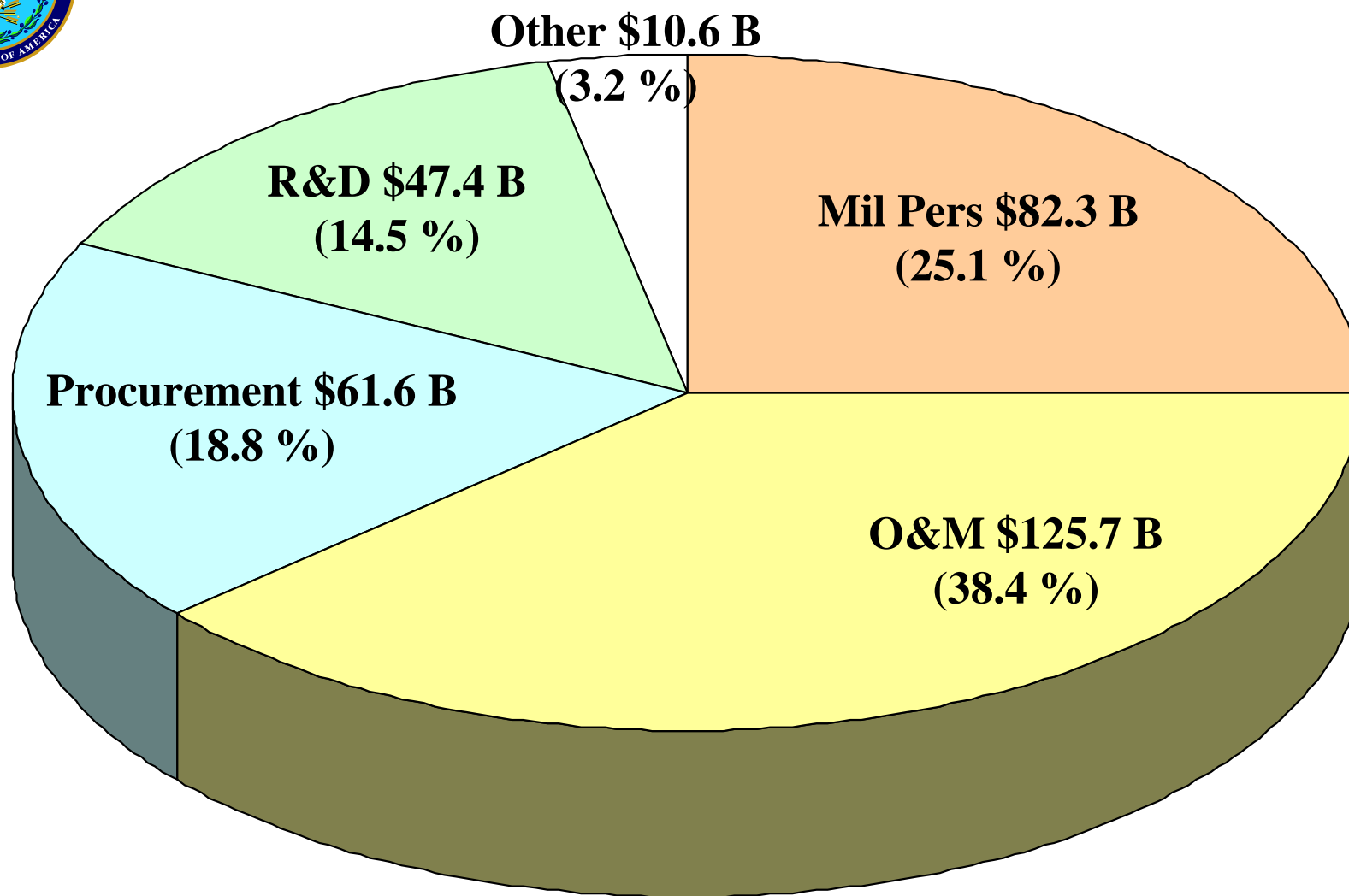
- Underfunding
- High tempo of operations
- Escalating maintenance costs for aging equipment
- FY 02 amended budget begins to reverse decline

Streamline and Upgrade DoD Infrastructure



- Upgrades & maintains streamlined facilities inventory
- Reduces DoD's facilities replacement age from 192 years to a rate closer to best practices over long term
- Improves quality of military housing and accelerates elimination of substandard housing
- Are planning an Efficient Facilities Initiative to rationalize and restructure bases, laboratories, and other DoD facilities

FY 02 DoD Budget by Title



Military Personnel

(\$ Billions)



Overview:

	<u>FY 01</u>	<u>FY 02</u>
• Army	28.3	30.1
• Navy/Marine Corps	26.5	29.1
• Air Force	<u>20.6</u>	<u>23.1</u>
Total	75.4	82.3

- Extends benefits legislated in FY 01 Authorization Act
- Funds FY 02 military pay raise of 4.6% (3.7% budgeted last year)
- Includes \$1.0 billion for targeted pay increase (5% to 10%)
- Eliminates poor and dangerous neighborhoods from housing allowance calculation
- Reduces member out of pocket costs from 15% in 2001 to 11.3 % in 2002 on the way to 0% in 2005

Defense Health Program

(\$ Billions)



Overview:

	<u>FY 01</u>	<u>FY 02</u>
FY 01 Budget	11.6	11.4
FY 02 Budget	12.1	17.9

- Funds new over-65 health care and pharmacy benefit
- Is based on realistic health care cost estimates
 - 15 percent growth rates for pharmacy
 - 12 percent growth rates for managed care support contracts
- Proposed legislation to reduce cost of delivering health care by \$0.3 billion by applying a prospective payment rate system

Operation & Maintenance

(\$ in Billions)



Overview:

	<u>FY 01</u>	<u>FY 02</u>
• Army	23.6	26.7
• Navy/Marine Corps	28.0	31.0
• Air Force	27.5	31.9
• Defense Wide	<u>28.8</u>	<u>36.0</u>
Total	107.9	125.7

Significant Programs:

• Aircraft operations	7.6	9.4
• Army OPTEMPO	2.7	2.7
• Ship operations	2.7	2.9
• Depot maintenance	6.6	7.9
• Training	8.5	9.3
• Reserve Components	11.2	12.5
• Facility Sustainment/Base support	17.9	20.7
• Defense Health Program	12.1	17.9
• Drug Interdiction	0.9	0.8
• Environmental restoration	1.3	1.2
• Contingency operations	2.9	2.8
• Cooperative Threat Reduction	0.4	0.4

OPTEMPO



Flying Hours/Crew/Month

	<u>Goal</u>	<u>FY 00</u>	<u>FY01</u>	<u>FY 02</u>
• Army	14.5	12.7	14.5	14.0
• Navy (Tactical Forces)	22.6	20.9	17.8	22.6
• Air Force (Tactical Forces)	17.1	17.2	17.1	17.1

Ground OPTEMPO - Tank Miles

• Homestation and Simulator	800	669	800	730
• National Training Center (NTC)	<u>97</u>	<u>95</u>	<u>97</u>	<u>97</u>
• Total Army	897	764	897	827

Ship Operations

• Underway Days/Quarter - Deployed	50.5	50.5	50.5	50.5
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Force Structure



	<u>FY 90</u>	<u>1993</u> <u>Base Force</u>	<u>1993</u> <u>BUR</u>	<u>1997</u> <u>QDR</u>	<u>Plan</u> <u>FY 02</u>
Army Divisions	18/10	12/8	10/8	10/8	10/8
Marine Corps Divisions	3/1	3/1	3/1	3/1	3/1
Aircraft Carriers	15/1	12/1	11/1	11/1	12
Carrier Air Wings	13/2	11/2	10/1	10/1	10/1
Attack Submarines	93	88	45-55	50	53
Surface Combatants	203	141	*	106/10	108/8
Battle Force Ships	546	430	346	*	313
USAF Fighter Wings	24/12	15/11	13/7	12+/8	12+/7+

* No quantity specified in this category.
(Dual entries show Active/Reserve quantities.)

RDT&E

(\$ Billions)



FY 01

FY 02

Overview:

• Army	6.3	6.7
• Navy/Marine Corps	9.4	11.1
• Air Force	14.0	14.3
• Defense Wide	<u>11.3</u>	<u>15.3</u>
Total	41.0	47.4

Includes a focus on transformational R&D

- Leap ahead technologies
- Countering unconventional threats to national security
- Improving R&D/test range infrastructure
- Reducing costs of weapon and intelligence systems

S&T Overview

(BA in Billions)



	<u>FY 01</u>	<u>FY 02</u>
Basic research	1.3	1.3
Advanced research	3.7	3.7
Advanced technology development	<u>4.0</u>	<u>3.8</u>
Total S&T	9.0	8.8

- S&T level is 2.7% of FY 02 budget
- Continues funding for priority development such as: (\$ in Millions)
 - High energy lasers 94 108
 - Nanotechnology 44 69
 - Chemical & biological agent detection 19 58

FY 2002 Transformational R&D

(BA in Millions)



Examples

FY 01

FY 02

• Digitization	223	289
• Future Combat System	166	514
• Global Hawk	143	307
• Joint Tactical Radio System (JTRS)	90	186
• Joint Experimentation (JFCOM only)	51	100
• Unmanned Underwater Vehicle (UUV)	27	56
• Naval unmanned combat air vehicle	25	27
• Deployable Joint Command and Control	0	50
• Small Diameter Bomb	0	40

Updated

Missile Defense

(\$ Millions)



	<u>FY 01</u>	<u>FY 02</u>
• BMDO	4,752	7,043
• Army PAC III/MEADS	-	857
• Navy area-wide	-	396
• Air Force/SBL/SBIRS-low/ABL	<u>544</u>	<u>-</u>
Total	5,296	8,296

- Program restructured
- Mature programs devolved to Services
- Increased R&D efforts for all phases of missile flight

Procurement

(Discretionary \$ Billions)



	<u>FY 01</u>	<u>FY 02</u>
<u>Overview:</u>		
• Army	11.9	11.2
• Navy/Marine Corps	26.5	24.6
• Air Force	21.4	23.0
• Defense Wide	<u>2.4</u>	<u>2.8</u>
Total	62.1	61.6

- QDR results incorporated in FY 03
- Procures 48 F/A-18E/F aircraft
- Funds six ships including three DDG-51 destroyers

Updated

Military Construction

(Discretionary \$ Billions)



Overview:

	<u>FY 01</u>	<u>FY 02</u>
• Army	1.3	2.1
• Navy/Marine Corps	1.0	1.1
• Air Force	1.1	1.3
• Defense Wide	<u>1.9</u>	<u>1.4</u>
Total	5.3	5.9

- Includes \$2.0 billion initiative to restore degraded facilities from C-3 and C-4 status to C-2
- Original BRAC programs reduced to caretaker efforts
- Plans new EFI round for FY 03

Family Housing

(Discretionary \$ Billions)



FY 01

FY 02

Overview:

• Army	1.2	1.4
• Navy/Marine Corps	1.3	1.2
• Air Force	<u>1.1</u>	<u>1.4</u>
Total	3.6	4.1

- Accelerates elimination of substandard housing
- Includes President's \$400 million to improve housing
 - \$195 million for 13,000 privatized units
 - \$98 million to construct 849 new on-base units and make improvements to existing units
 - \$107 million in Mil Con for 1,380 bachelor enlisted quarters

Management Reforms



- FY 02 amended budget initiatives:
 - Applying prospective payment schedules for care of military retirees: \$300 million savings
 - Raising Davis Bacon Act thresholds allowing DoD to pay more non-union wages in non-union locations: \$190 million savings
 - Allowing DoD to use private contractors for work beyond a depot's capacity: \$140 million savings
 - Adds \$100 million initiative to begin process of fixing DoD financial management systems

Backup Material



Army Modernization

Quantities



<u>System:</u>	<u>FY 01</u>	<u>FY 02</u>
• Interim Armored Vehicle	418	329
• Abrams Tank Upgrade	100	104
• UH-60	18	12
• Longbow Apache	52	60

Air Force Aviation

Quantities



<u>System:</u>	<u>FY 01</u>	<u>FY 02</u>
• F-16	4	-
• F-22	10	13
• C-17	12	15
• Joint Stars	1	1
• C-130J	2	2

Naval Aviation

Quantities



System:

FY 01

FY 02

• F/A-18E/F	39	48
• V-22	9 *	12
• KC-130	3	4
• CH-60	15	13

* 2 R&D CV-22 not reflected in this number

Shipbuilding

Quantities



	<u>FY 01</u>	<u>FY 02</u>
<u>System:</u>		
• CVN/CVNX	1	-
• DDG-51	3	3
• NSSN	1	1
• LHD	-	1 *
• T-AKE	1	1
Total Program	6	6
CVN/RCOH	-	1

* Incrementally funded from FY 1999 to FY 2006